



राजपत्र, हिमाचल प्रदेश (असाधारण)

हिमाचल प्रदेश राज्यशासन द्वारा प्रकाशित

शिमला, सोमवार, २६ जुलाई, १९९३/४ श्रावण, १९१५

हिमाचल प्रदेश सरकार

TOURISM DEPARTMENT

NOTIFICATION

Shimla-2, the July, 1993

No Tourism-F(6)-1/93.—Whereas the Himachal Pradesh Government has declared Tourism as an Industry vide this Government notification No. 6-6/81-TSM (Sectt.), dated 5-12-1984;

And, whereas, at present three sets of rules providing incentives to Tourism Industry in the State of Himachal Pradesh, are in force;

Now, therefore, in partial supersession of this Government notification No. 6-6/81-TSM (Sectt.), dated 5-12-1984, regarding declaration the Tourism as industry and the Himachal Pradesh Grant of Incentives to Tourism Industry Rules, 1984, and in supersession of Notifications No. 3-76/86-TSM (Sectt.), dated 17-9-1988 regarding Himachal Pradesh Grant of Incentives to Paying Guest House Scheme and No. 3-76/86-TSM (Sectt.), dated 17-9-1988 regarding H. P. Grant of

Incentives to Dhaba Scheme, the President of India is pleased to make the following Rules for providing Incentives to the Tourism Industry namely :

RULES FOR GRANT OF INCENTIVES TO TOURISM INDUSTRY IN HIMACHAL PRADESH, 1993

1. Short Title and Commencement:

1.1 These rules shall be called Rules for Grant of Incentives to Tourism Industry in Himachal Pradesh, 1993 and shall come into force w.e.f. 1-8-1993 (hereinafter referred to as appointed day subject to the amendments/modifications in the existing enactments/statutes wherever applicable under these rules.

1.2 Eligibility:

- (a) All the new approved tourism units as defined under these Rules shall be eligible for grant of incentives.
- (b) As the incentives under these rules are provided under the discretionary powers of the State Government, hence do not create any claim against Himachal Pradesh Government enforceable in any Court of Law.
- (c) Only those units will be eligible to avail of these incentives which follow the instructions/guidelines issued by the Directorate of Tourism regarding architectural designs for the outerfacade of buildings to be constructed.
- (d) These incentives will be available only to those New Tourism Units which commence operations within the period from the appointed day upto 1-8-2003 (i.e. for 10 years) provided that this condition will not be applicable for incentives under rule 17 and 22.

2. Definitions:

2.1 Under these rules unless the context otherwise requires :—

- (a) "Date of operation" means the date from which tourism facilities are made available to the public.
- (b) "Diversification" means provision of new tourist facilities/services by an existing unit with a minimum additional fixed capital investment amounting to 25% of existing fixed capital investment.
- (c) "Electricity duty" means the electricity duty levied on power by the Himachal Pradesh State Electricity Board/or State Government from time to time.
- (d) "Entertainment Tax" means tax leviable by the Government under the H.P. Entertainment Duty Act, 1968 as amended from time to time.
- (e) "Existing unit" means the tourism unit which has been set up and has commenced operations before the appointed day.
- (f) "Expansion" means expansion of tourist facilities/services by an existing unit so as to increase the capacity of the unit atleast by 25% with a minimum additional fixed capital investment equal to 25% of existing fixed capital investment without charge in the nature of facilities/services provided.
- (g) "Feasibility report" means a report on the economic and technical feasibility of a tourism project prepared by a Consultant.
- (h) "Financial Institution" means any scheduled bank, Himachal Pradesh Financial Corporation, Himachal Pradesh State Industrial Development Corporation, I.F.C.I., I.C.I.C.I., NABARD, TFCI or any other Institution declared as Financial Institution by the Government of India under the relevant statute.
- (i) "Fixed Capital Investment (FCI)" means investment made on land, building, machinery and plant, by a tourism unit.

- (j) "General Sales Tax" means tax leviable by the Government under Himachal Pradesh General Sales Tax Act, 1968 as amended from time to time.
- (k) "Luxury Tax" means tax leviable by the Govt. under the HP Tax on Luxuries (in Hotels, Lodging Houses) Act, 1979, as amended from time to time.
- (l) "Generating Set" means movable captive power plant installed by a tourism unit.
- (m) "Government" means Government of Himachal Pradesh.
- (n) "Large Scale Tourism Unit" means a tourism unit having fixed capital investment of more than Rs. 60 lakh.
- (o) "New Tourism Unit" means a tourism unit located within the State of Himachal Pradesh which commences operation on or after the appointed day, but will not include any tourism unit which is formed as a result of re-establishment, mere change of ownership, change in the constitution, reconstruction or revival of an existing unit. This also includes existing tourism unit covered under the definitions of diversification and expansion given above.
- (p) "Non Resident Indian (NRI)" means an individual or a corporate body defined as such under the relevant statute of Government of India.
- (q) "Pioneer Tourism Unit" means any first seven large scale units set up in category "A" blocks, any first five large scale units set up in category "B" area/blocks and any first large scale unit set up in category "C" area which goes into commercial operations on or after the appointed day and employs atleast 50 persons on permanent basis and is/are registered with the empowered committee appointed under Rule 21.1.
- (r) "Prestigious Tourism Unit" means a new tourism unit having a fixed capital investment of Rs. 10.00 crore/or more and employs at least 200 persons on permanent basis.
- (s) "Small Scale Tourism Unit" means a tourism unit having fixed capital investment of not more than Rs. 60.00 lacs.
- (t) "Tiny Tourism Unit" means a small scale tourism unit having fixed capital investment of Rs.10.00 lacs or less.
- (u) "Tourism Clusters" means an area acquired/notified by the Government for establishing tourism units.
- (v) "Tourism Resort" is a tourism unit having atleast any eight of the following activities facilities/characteristics which are listed below :—
 1. Health club facilities e.g. saunabath, jacuzzi, steam bath, gymnasium etc.
 2. Water sports e.g. white water rafting, canoeing, kayaking, water skiing, yatching, wind-surfing, rowing, paddle boating etc.
 3. Swimming pool.
 4. Aero Sports e.g. Power flying, Hang gliding, Para gliding, Para sailing, etc.
 5. Skiing.
 6. Ice Skating.
 7. Roller Skating.
 8. Sports like Table Tennis, Tennis, Badminton, Billiards, Bowling Alley.
 9. Golf.
 10. Angling.
 11. Nature cure facilities e.g. Naturopathy Yoga, Ayurvedic Herbal cures.
 12. Beauty Parlour including Barber shops and massage facilities.
 13. Children's corner including Creche, Park, indoor games and other recreational facilities.
 14. Location within Tea Garden, Farm Houses, Orchards.
 15. Jogging Tracks/nature Trails.
 16. Convention/Conference facilities.
 17. Shopping Arcade.
 18. Well stocked Library including Video Library.
 19. Slot Machines.
 20. Indoor Auditorium.
- (w) "Tourism Unit" means commercial establishment in Himachal Pradesh providing

facilities/services to the tourist and will include the following :—

- (1) Accommodation units including Hotels, Motels, Sarais, Dharamshalas, Yatri Niwas, Yatrika etc.
- (2) Paying Guest Houses.
- (3) Restaurants, Cafetarias and Dhabas.
- (4) Wayside facilities like Kiosks, toilets, rest spots, parking etc.
- (5) Tourism Resorts.
- (6) Training Institutions for Hotel Management, Catering and Nutrition, Sports, adventure and other tourism related activities.
- (7) Tourism Camps.
- (8) Ropeways.
- (9) Amusement parks.
- (10) Lake and River Cruises.

3. Subsidy towards the cost of preparation of feasibility reports:

3.1 Subsidy will be admissible as under:—

- (a) In case of small Scale Tourism Unit where feasibility report is to be prepared by entrepreneurs, 75% of the cost subject to a ceiling of Rs. 15000/-.
- (b) In case of Large Scale Tourism Units, 75% of the cost of preparation of feasibility report or 1% of the capital cost of the project in land, building, plant and machinery, subject to ceiling of Rs. 1.00 lac which ever is less.

3.2 The above subsidy will be admissible subject to the following conditions :—

- (a) The applicant will apply on the prescribed application form while taking effective steps for setting up a unit.
- (b) The feasibility report shall be prepared by a technical consultant approved by the Director of Tourism in case of small scale tourism units and by a committee appointed by the State Govt. in case of large scale tourism unit. The committee shall comprise of the Secretary, Tourism as Chairman, Director, Tourism as Member-Secretary and Managing Director, Himachal Pradesh Tourism Development Corporation and Managing Director, Himachal Pradesh Financial Corporation as members. The Chairman may invite any technical expert to attend the meeting of the committee. Director of Tourism or the Committee as the case may be shall screen and approve the feasibility report and determine the quantum of subsidy to be sanctioned. Director of Tourism shall disburse the amount of subsidy sanctioned on the request made by the applicant, on the prescribed application form, but such disbursement shall be effected only after commencement of operations by the unit.

4. Tourism Clusters:

4.1 Tourism Clusters proposed to be set up by the Government or H.P. Tourism Development Corporation will be categorised as A, B and C Category Tourism Clusters, taking into account the following parameters:—

- (a) Distance from the border of adjoining states of Punjab, Haryana and U.P. (except with Shimla District).
- (b) Extent of tourism development/potential existing in that block/town.
- (c) Extent of overall backwardness of the block.
- (d) Extent of potential for employment generation for local people.

4.2 Based on the above criteria, the entire state of H. P. has been divided into "A", "B" and "C" categories as listed in Annexure-I.

5. Allotment of land in tourism clusters:

5.1 The entire area of the state has been classified as "A", "B" and "C" categories as per

Annexure-I. The land in Tourism Clusters would be allotted to entrepreneurs for the establishment of tourism units. Need based land may also be allotted for setting up of basic infrastructural facilities on commercial basis to the State/Central Government departments, State Central Government undertakings and private individuals/Organisations in such Tourism Clusters in the State. In the event of the allotted land not being used for the purpose allotted, the same will be resumed by the Government. The land in Tourism Clusters shall be allotted on lease hold basis for a period of 95 years subject to a ceiling of 5000 sq.m. lease money equal to 10% of the premium determined on land shall be payable at the time of allotment of land and balance amount will be recovered in 10 equal annual instalments.

5.1.1 The interest chargeable on deferred payment would be as fixed by the Government or Corporation from time to time. However, if any party intends to make the entire payment in lumpsum, it may be accepted by Commuting the instalment but the terms and conditions of the grant will remain the same.

5.1.2 The land to be allotted on lease hold basis to State/Central Government departments for setting up of infrastructural facilities on commercial basis, would be leased out on no profit, no loss basis, irrespective of the category of area in which such land is allotted private individuals/organisations will however, be allotted land on lease hold basis for setting up of infrastructural facilities on commercial basis as per provision of Rules 5.2(a), (b) and (c).

5.2. The premium on lease hold land would be determined as under:—

- (a) *A Category Tourism Clusters.*—The lease rent shall be determined at the rate of Rs. 20 per sq. meter or the rate to be fixed by the Government from time to time.
- (b) *B category Tourism Clusters.*—In these areas, land will be allotted at the rate of Rs. 40/- per sq. meter or the rate to be fixed by the Government. However, for defaulted instalments in both A and B categories Tourism Clusters interest at the rate of 8% per annum or as fixed by the Government from time to time will be charged.
- (c) *C category Tourism Clusters.*—The land would be leased out on no profit no loss basis. The premium will be determined by including the following:—
 - (i) Cost of acquisition of land.
 - (ii) *Cost of Development.*—Cost of development means actual or anticipated expenditure on the provision of approach road, water supply, sewerage and power upto the plot but excludes site development.
- (d) The total cost as arrived at in the manner stated above would be distributed to the plot area on pro rata basis. The premium of land communicated to the party and incorporated in the lease agreement, shall remain the same during the pendency of that lease agreement. For defaulted instalments interest at the rate of 10% per annum or as fixed by the Government from time to time will be charged.

5.3 Application for plots:—

5.3.1. The application for allotment of plots shall be made to the Director of Tourism, MD H.P. Tourism Development Corporation/General Manager, District Industries Centre as the case may be on the prescribed form. The applicant shall have to furnish application fee at the rate of Rs. 1000/-, Rs. 1500/- and Rs. 2000/- in "A", "B" and "C" categories of Tourism Clusters respectively. The plot will be provisionally allotted for a period of one year and possession handed over to the applicant. The allottee will take the following effective steps, before a regular lease deed is entered into between the Government and the allottee.

5.4. Effective steps :--

5.4.1 Effective steps would mean :

- (a) Having obtained all necessary approvals/clearances/registration of the State Government and Central Government as applicable to the project, for which, the allotment has been considered.
- (b) Having obtained sanction of the loan for the approved project from a Financial Institution.

5.4.2 In case the party fails to abide by any terms and conditions of the aforesaid lease agreement or those terms and conditions specifically incorporated by the Department at the time of allotment, the same shall be cancelled. The plot will, in such case, stand automatically resumed in favour of Tourism Department and no appeal shall be entertained in this behalf.

6. Setting up of Tourism Clusters for a group of entrepreneurs :

6.1 Where 5 or more small scale prospective entrepreneurs approach the Government for undertaking a Tourism Industry Group Development Scheme, the Government may set up a Tourism Cluster exclusively for them at suitable places, taking into account, their specific requirements and needs.

7. Acquisition of land for setting up of Tourism units :

7.1. In order to facilitate the setting up of Small and large scale Tourism Units, the Department may also acquire land for such Unit as defined under the Land Acquisition Act, 1894, for the purpose detailed in the said Act. The acquisition will be on such terms and conditions which the Government may decide. The entire cost of acquisition will have to be borne by the concerned unit.

7.2. Where land for allotment is already available with the department, such land as may be required, to the satisfaction of the Director of Tourism may also be allotted on lease hold basis to entrepreneurs for setting up of a Tourism Unit as per provisions of Rule 5. Such land will be allotted on lease on "no profit, no loss basis". The premium will include cost of land, cost of acquisition of land and any other expenses incurred by the Department on that land. In case of such land being Govt. land, the prevalent market value of the land as certified by the District Collector will be taken as the base to calculate the premium.

8. Purchase of private land for Tourism Industry :

Where the Department of Tourism is satisfied that private land is required for setting up of a Tourism unit, the department shall endeavour to obtain necessary Government approval/clearance under the HP Tenancy & Land Reforms Act, 1972 in a time bound manner as follows:—

- (1) Follow up to ensure forwarding of application from the Collector to the Tehsildar or the Naib Tehsildar, as the case may be, within a period of 7 days.
- (2) Follow up to ensure that the Tehsildar returns the application duly verified and complete in all respects to the Collector within a period of 20 days.
- (3) Follow up to ensure that the Collector sends the application/case with his recommendations to the Divisional Commissioner within a period of 10 days.
- (4) Follow up to ensure that the Divisional Commissioner forwards the case to the Government within a period of 10 days with his recommendations.

Revenue Department will issue suitable instructions to its field agencies accordingly.

9. Power Concessions :

9.1 Enhancement of power tariff for the new Tourism Units located in "A", "B" and "C" category areas will be regulated as follows. The amount paid as a result of any increase in power tariff will be reimbursed through the Department of Tourism as per the norms given in the following table:—

Connected Power load	Category of area (Period w.e.f. date of commencement operation)		
	A	B	C
Upto 20 KW	5 Years	4 Years	3 Years
21 KW to 100 KW	4 Years	3 Years	2 Years
101 KW to 500 KW	3 Years	2 Years	1 Year
above 500 KW.	2 Years	1 Year	NIL

9.2 After the appointed day, no electricity duty will be charged from any new tourism unit on the power generated from its captive power generation sets/hydel plants.

10. Tax Incentives (Sales Tax, Luxury Tax and Entertainment Duty):

10.1. Tax exemption/deferment:—

(a) The following tax incentives shall be admissible to a new tourism unit which is registered as a dealer under the H.P. State General Sales Tax Act, 1968 and which attracts application of Luxury Tax on Luxuries, 1979 and H.P. Entertainment Duty Act, 1968 and complies with its provisions. However, Sales tax incentives shall be available only on the sales of the goods prepared by the Units.

(b) Quantum of entitlement :—

The deferment of Sales Tax or/and Luxury Tax, as the case may be shall be available to the units located in the State, as shown in the following table subject to the conditions specified thereafter :

TABLE-I

Category of Area	Incentive for Small Scale Tourism Unit		Incentive for Large Scale Tourism Unit	
	Extent of deferment	Time within which deferment will be available	Extent of deferment	Time within which deferment will be available
1	2	3	4	5
A	Upto 400% of F.C.I.	9 Years	Upto 200% of FCI with a ceiling of Rs. 7.00 crore.	9 Years.

1	2	3	4	5
B	Upto 200% of F.C.I.	7 Years	Upto 125% of FCI with a ceiling of Rs. 5.00 crore.	7 Years.
C	NIL	NIL	Upto 100% of FCI with a ceiling of Rs. 4.00 crore.	6 Years.

10.2. Under the above mentioned tax deferment scheme, a Unit will collect taxes at normal rates during the period of entitlement of concession as specified in Table-I above and shall be required to deposit the same with the concerned Tax Authorities in the following manner :—

State of repayment (From the date of operation)	Amount and year of repayment
Ending year—I	Nil (No repayment)
Ending year—II	—
Ending year—III	—
Ending year—IV	Repayment amount collected during Year—I.
Ending year—V	Repayment amount collected during year—II.
Ending year—VI	Repayment amount collected during year—III.
Ending year—VII	Repayment amount collected during year—IV.
Ending year—VIII	Repayment amount collected during year—V.
Ending year—IX	Repayment amount collected during year—VI.
Ending year—X	Repayment amount collected during year—VII.
Ending year—XI	Repayment amount collected during year—VIII.
Ending year—XII	Repayment amount collected during year—IX.
Ending year—XIII	Repayment amount collected during year—X.
Ending year—XIV	Repayment amount collected during year—XI.
Ending year—XV	Repayment amount collected during year—XII.

10.3 Amusement parks commencing operations after the appointed day shall be exempted from entertainment duty throughout the State in all area categories as follows :—

- (1) 90% exemption for the first five years from the date of commencement of operations.
- (2) 50% exemption for the following five years.

11. Subsidy on rate of Interest :

11.1 Tiny tourism units availing term loan from State Financial Institutions/Scheduled Banks will be given 3% interest subsidy over the prevailing term lending rate. The subsidy shall however not be admissible on wilfully defaulted instalments. Moreover, if interest subsidy is also available under any prevailing scheme of Central Government, the State Government will provide interest subsidy at such rate so that total interest subsidy available to the unit received from both does not exceed 3%.

11.2 The difference between actual rate of interest on term loan chargeable by the financial

institutions/scheduled bank and the rate payable in the manner stated above, shall be reimbursed to the State Financial Institutions/Scheduled Bank by the Director of Tourism.

12. Subsidy on generating sets:

12.1. Investment subsidy for installation of captive diesel generating sets would be provided to the Industrial units @ 15% of cost of Generating set subject to a maximum of Rs. 2 lakhs for each unit of all categories in all blocks/areas.

13. Manpower Department:

13.1. Subsidy on manpower development will be given to the Tourism unit which send its workers for technical training for upgradation of their skills to a Govt. recognised institutions or registered/approved unit. This subsidy will be given provided the unit gives an undertaking to the effect that all such trained workers will continue to be employed by them after their training for a period of at least 3 years. An amount equal to 50% of the actual cost of training with an upper ceiling limit of Rs. 5000/- per trainee will be reimbursed by the Department of Tourism subject to a maximum of Rs. 25,000/- per unit for one training programme.

14. Incentives to Special Categories of Entrepreneurs for setting up tiny and Small Scale Tourist Unit :

14.1. Special categories viz., scheduled castes, scheduled tribes, women, ex-servicemen, physically handicapped, antodaya and I.R.D.P. families entrepreneurs setting up new units will be entitled to the following additional incentives/facilities which will be over and above the incentives/facilities admissible elsewhere in these rules, unless so specified.

- (a) *Subsidy for Capital Investment.*—Special investment subsidy of 10% on fixed assets shall be allowed to such entrepreneurs out of State funds, over and above the Central/State Investment subsidy, as may be admissible to general category entrepreneurs, for establishment of tiny tourism units.
- (b) Margin money will be provided at interest rate of 1% on matching basis upto a maximum extent of 10% of project cost or Rs. 50,000/- whichever is less, to such enterperneurs.
- (c) The rate of interest on term loans will be 3% below the term lending rate for private sector. The difference between the actual rate of interest chargeable by the term lending institutions (after the availing of refinance from NABARD/SIDBI/IDBI or any other Financial Institution) will be reimbursed by the State Government directly to the Financial Institutions for such entrepreneurs. However the total subsidy available to an entrepreneur from both Central and State Government sources will be limited to 3%.
- (d) A subsidy of 90% shall be given on the preparation of feasibility report subject to a maximum of Rs. 25,000/- in each case to such entrepreneurs.
- (e) Allotment of plots in Ccategory Tourism Clusters will be made at a subsidised rate of 75% of the assessed premium which will be chargeable to such entrepreneurs. Plots will be allotted to such entrepreneurs in 'B' and 'A' grade Tourism Clusters @ Rs. 30/- and Rs. 15/- per sq. meter respectively.

15. Incentives to non Resident Indians (NRIs) :

15.1. The Non-Resident Indian's (NRI's) setting up new units in the State shall be entitled to the following facilities in addition to the incentives for the new Tourism units as provided in these rules.

- (a) Out of turn allotment of land in the Tourism Clusters being promoted by the Department of Tourism or any Corporation of the State Government.
- (b) All Non-Resident Indians' (NRI's) project will be entitled to tax incentives as applicable to Tourism Units given under Rule 10.
- (c) Non Resident Indians projects will be given expeditious approval/clearance by the Department within the overall policy of the Government.
- (d) The Himachal Pradesh Financial Corporation/Himachal Pradesh State Industrial Development Corporation will expedite approval of NRIs loan cases subject to the prescribed norms.

Note.—The Non-Resident Indian (NRIs) promoter (s) must have the majority ownership of the company/units.

16. Priority Industries:

16.1 New tourism units falling under Priority Tourism Projects given in Annexure-II shall be eligible for the following incentives package.

16.1 (a) Such a unit shall be entitled to out of turn allotment of plots in Tourism Clusters and shall be charged a concessional rate of lease Tourism Clusters equivalent to that applicable for category 'A' Tourism Clusters.

(b) Such Tourism Units located in any category of Tourism block/area shall be eligible for deferment of GST/Luxury Tax for a period of 10 years from the date of commencement of operation of such units. Regarding exemption from entertainment duty, the concessions provided U/R 10.3 will be applicable here.

(c) Such industries, will be charged a rate of interest, one per cent lower than the normal lending rate, except tiny tourism units for which it will be 3% as per rules 11.1. The Govt. shall provide interest subsidy directly to the Financial Institutions and Banks concerned. However, if interest subsidy is also available under any prevailing scheme of Central Government the interest subsidy will be provided at such rate so that total interest subsidy available to the unit from both sources shall not exceed 3% in case of Tiny Tourism Units and 1% in case of other Units.

17. Publicity Assistance:

To encourage participation of Tourism Units, Tour Operators and Travel agents in publicity of the State, following incentives will be given :—

- (1) Subsidy of 50% shall be admissible on the approved publicity campaign through brochure/literature or advertisements in print media for a package tour involving atleast 5 places located in category A&B areas subject to a ceiling of Rs. 50,000/- in a year to an agency.
- (2) A subsidy of 50% subject to a ceiling of Rs. 50,000/- year unit shall be admissible on the approved publicity campaign through brochure/literature or advertisement in print media for publishing a tourist destination provided that such subsidy will not be admissible if the publicity campaign puts emphasis on a particular hotel/restaurant or other tourism unit instead of projecting the destination as a whole.

18. Incentives for Tiny Tourism Units :

18.1 Tiny Tourism Units will be entitled to such incentives as are available under Central Government Schemes. In addition entertainment duty concessions wherever applicable under Rule 10.3 and tax deferments (Sales Tax and/or Luxury Tax) shall be available to new tiny units commencing operation on or after the appointed day as shown in the following table subject to the condition specified hereinafter.

Sales/Luxury Tax

Category of Tourism Blocks	Quantum and period of deferment
A	Upto 400% of FCI for 9 years
B	Upto 200% of FCI for 7 years.
C	NIL

18.2 Central Investment Subsidy shall be admissible to such tourism units as notified by Government of India from time to time. However Tiny Tourism Units located in A & B category areas and not covered by the Central Investment Subsidy Scheme shall be entitled to State Investment subsidy of 25% of the project cost subject to a ceiling of Rs.1.00 lakh.

19. Scheme For Special Incentives to Prestigious Units:

19.1 Eligibility Criteria for Grant of Prestigious Units status:

Any unit, in order to be eligible for being classified as a prestigious unit and to avail incentives and facilities thereon will be further subject to the condition that :—

- The unit shall have fixed capital investment of Rs. 10 crores (ten crores) or more in the opinion of the empowered committee as defined in these rules deserves to be considered as prestigious unit.
- The unit shall employ atleast 200 workers on a permanent basis, and the unit shall follow the provisions for recruitment laid down under the employment policy of the State Government and comply with the provisions of Rule 21.3.
- Any unit commencing operation in the State on or after the appointed day and registered with the Empowered Committee, as per prescribed procedure laid down in Rule 21.1 and meeting the eligibility criteria laid down under this rule, will be given prestigious status under this scheme. However, existing units in the State, having investment of more than Rs. 10 crores will not be eligible for grant of prestigious status under this scheme. In case an existing units goes for expansion/diversification which in itself meets the eligibility criteria of a prestigious unit as laid down under the rule such a unit will also be considered by the Empowered Committee for the grant of the incentives mentioned under this rule, provided that such incentive will be admissible only for the expanded capacity.

19.2 Incentives to Prestigious Unit:

19.2.1. Tax Incentives:—

- The following tax (Sales Tax and/or Luxury Tax) incentives shall be admissible to prestigious units, which are registered as a dealer under the Himachal Pradesh General Sales Tax Act, 1968 and or attract the provision of the Tax on Luxuries, 1979 and comply with its provisions. However, sales tax incentives shall be available only on the sale of the goods prepared by these units. Entertainment duty concessions, wherever applicable will be available as prescribed under Rule 10.3.
- Quantum of Entitlement.

(i) Tax deferment of sales and/or luxury tax shall be available to the Prestigious units, located in the State, subject to the conditions specified hereinafter :—

TABLE

Category of Area	Period of deferment <i>w.e.f.</i> the date of commencement of operation
A	12 Years
B	9 Years
C	7 Years

A prestigious unit entitled for tax deferment scheme will be governed for the purpose of administration of this incentive as per the provisions of rule 10.2.

19.2.2. Exemption from payment of Electricity duty, Prestigious Tourism Units, set up in the State shall be exempted from the payment of Electricity duty as follows:—

Category of Tourism areas/blocks	Period of exemption from the date of commencement of operation
A	12 Years
B	9 Years
C	7 Years

19.2.3 Power Tariff Freeze:

Enhancement of power tariff as such units located in "A", "B" and "C" category areas will be regulated as follows :—

Category of Area	Period <i>w.e.f.</i> the commencement of operation.
A	6 Years
B	4 Years
C	3 Years

The amount paid as a result of any increase in the power tariff after the date of commencement of operation will be reimbursed through the department of Tourism as per the above norms.

The difference between the rate of electricity per unit on the date of commencement of operations and the present rate of electricity per unit multiplied by actual units consumed will constitute the total amount of reimbursement claimable:

Provided that in case of a Prestigious Unit also happens to be a Priority Unit, it will be entitled to exercise an option either claiming benefits under this rule or Rule 16. This option has to be exercised by such a unit within 90 days from the date of commencement of operation.

20. Incentives for Pioneer Units :

20.1 Tax Incentives :

- (a) The following Tax incentives shall be admissible to Pioneering units, which are registered as a dealer under the Himachal Pradesh State General Sales Tax Act, 1968 and which attract provision of Tax on Luxuries (in Hotels and Lodging Houses), 1979 and HP Entertainment Duty Act, 1968. However, Sales Tax incentives shall be available only on the sales of the goods prepared by the Units.

Tax deferment shall be available to the Pioneer Units, located in the State, subject to the conditions specified hereinafter :—

TABLE

Category of Tourism Area/Block	Sales and/Luxury Tax deferment from the date of commencement of operation period	
	Normal deferment period	In case of pioneer unit being a priority unit also
	Year	Year
A	12	12 years
B	9	10 years
C	7	10 years

A pioneer unit availing this benefit will be governed for the purpose of administration of this incentive as per the provision of Rule 10.2 of these incentives rules.

20.2.2 Exemption from payment of electricity duty:

Pioneer unit, set up in the State shall be exempted from the payment of Electricity Duty as follows :—

Category of area	Period of exemption (from the date of commencement of operation)
A	12 years
B	9 years
C	7 years

20.2.3 Power Tariff Freeze.

Enhancement of power tariff of such Industries located in the 'A' and 'B' category tourism areas/blocks will be regulated as follows for the pioneer units. The amount paid as a result of any increase in power tariff after the date of commencement of operation will be reimbursed through the Department of Tourism as per the norms given in the following table :—

Category of Tourism Block/Areas	Period w.e.f. date of commencement of operation
A	6 years
B	4 years

The formula for calculating the increase in power tariff, to be reimbursed will be as stated under Rule 19.2.3.

20.2.4 Interest Subsidy:

Pioneer Units availing term loan through the State Financial Institutions/Scheduled Banks, shall be eligible for claiming interest subsidy@3% for a period of 7 years and 5 years in category 'A' and 'B' block respectively, on the term loan taken by such unit subject to a ceiling of Rs. 30.00 lakhs and 20.00 lakhs in category 'A' and 'B' block respectively. This subsidy shall however not be admissible on wilfully defaulted instalment. The difference between actual rate of interest on term loan chargeable by the Financial Institution/Scheduled Bank and the rate payable in the manner stated above, shall be reimbursed to the Financial Institutions/Scheduled Banks by the Department of Tourism, on claims preferred by the promoters of such units, through the concerned term lending Financial Institutions:

Provided that if the pioneer unit happens to be a Priority Unit also, such pioneer units will have the option to avail interest subsidy as provided in Rule 16.1(C)@1% or at the above proposed rate of 3% subject to the conditions laid down thereof, provided that such option will be exercised only once and at the time of coming into operation.

20.2.5 Allotment of Land:

For the allotment of Land to Pioneer Units in Tourism Clusters set up by the Department of Tourism the provision of Rules 4, 5, 7 and 8 of these incentive rules shall apply subject to the condition that the land is available and that ceiling as prescribed in Rule 5.1 will not apply in the case of Pioneer Units, in whose case the following ceilings for allotment of land in Tourism industrial areas will apply :—

'A' Block	10 acre
'B' Block	6 acre
'C' Block	2 acre

20.2.6 For Units which may fall both under the category of pioneer unit as well as Prestigious Unit, the incentives available to Prestigious Units only will be made available to such Pioneer Units. With the exception of specific incentive listed in Rules 19 and 20, Pioneer/Prestigious Units will be at liberty to give a one time option to avail of the other incentives detailed in these Incentive Rules. This option will be exercised within 90 days from the date of commencement of operations.

21. Procedure for setting up of Prestigious Pioneer Tourism units and functions of the Empowered Committee :

21.1 Empowered committee will be a committee constituted for the purpose of according Pioneer and Prestigious Tourism Unit status and fixing the norms of eligibility as per the criteria laid out in their respective definitions and these rules. This committee will be headed by Secretary (Tourism) and will consist of Managing Director, HPFC, Managing Director, Tourism Development Corporation, Chief Engineer (Commercial) HPSEB, Member Secretary of the State Pollution Control Board, Excise & Taxation Commissioner, Chief Inspector of Factories, Manager Industrial Development Bank of India at Shimla and Director of Tourism as Member Secretary.

21.2 Director of Tourism while issuing an eligibility certificate to Pioneer/Prestigious unit will also issue a certificate certifying the number of persons employed, and that persons are bonafide resident of Himachal Pradesh. Provided that while issuing such certificates, if it is found that a particular category of skilled/unskilled persons, is not available from employment exchange/

central employment cell, at a particular point of time, a No Objection Certificate for recruitment for a specific period of time shall be issued by Director of Tourism, in consultation with the Labour Commissioner, Himachal Pradesh.

21.3 The applications in the prescribed forms for setting up of Prestigious Unit/Pioneer Units will be made to the Director of Tourism, who will then put these up for consideration by the Empowered Committee. The decision of the Empowered Committee will be final.

The Empowered Committee, while according approval for registration, will specify the date by which the unit shall commence operation. This will be done on the basis of the proposed detailed implementation schedule submitted alongwith the application form. Provided that the Empowered Committee, in certain, cases where it deems fit and depending upon the merits of each case may extend the duration, by a reasonable time where at least 80% of the Project execution work has already been completed.

22. Sales Tax exemption on Aviation Turbine Fuel. The Aviation Air Turbine Fuel sold in Himachal Pradesh to any operator operating helicopter/Aircraft flights to any airport in Himachal Pradesh will be exempted from levy of Sales Tax and surcharge thereon for a period of two years from the appointed day.

23. General :

23 (1) In case of any dispute arising out of interpretation and implementation of above incentives, the same will be referred to the Secretary (Tourism) to the Government of Himachal Pradesh, whose decision will be final and binding on all. In special cases the Government may set up a Committee and refer any particular dispute to it for final decision.

24.1 Repeal and Savings:

24.1.1 The Himachal Pradesh Grant of Incentives to Tourism Industry Rules, 1984. The Himachal Pradesh Grant of Incentives to Dhaba Scheme, 1988 and the Himachal Pradesh Grant of Incentives to Paying Guest House Scheme, 1988 are hereby repealed.

24.1.2. Notwithstanding such repeal, any thing done or action taken under the schemes or the rules repealed shall be deemed to have been done or taken under corresponding provisions of these Rules :

Provided that nothing contained herein shall affect the incentives already sanctioned under the rules/schemes so repealed and such sanctions shall continue and for that purpose the said rules/schemes shall always be deemed to have been continued and in force.

By order,
 RENU SAHNI DHAR,
 Commissioner-cum-Secretary (Tourism).

CATEGORISATION OF AREAS

Sl. No.	DISTRICT	CATEGORY		
		'C'	'B'	'A'
1	2	3	4	5
1. Bilaspur	1. Sadar	—	Bilaspur Town	Rest of the Block
	2. Ghumarwin	—	—	Complete Block
	3. Gherwin	—	—	-do-
2. Chamba	4. Chamba	—	Chamba Town*	Rest of Blocks
	5. Mehla	—	—	Complete Block
	6. Bharmour	—	—	-do-
	7. Tissa	—	—	-do-
	8. Saluni	—	—	-do-
	9. Pangi	—	—	-do-
	10. Bhatiyat	Dalhousie* Town	Rest of Block	—
3. Hamirpur	11. Bijhari	—	—	Complete Block
	12. Bhoranj	—	—	-do-
	13. Nadaun	—	—	-do-
	14. Hamirpur	—	Hamirpur Town*	Rest of Block
	15. Sujanpur Tihra	—	—	Complete Block
4. Kangra	16. Kangra	—	Kangra Town*	Rest of Block
	17. Rait	—	Dharamshala Town*	-do-
	18. Nagrota	—	—	Complete Block
	19. Baijnath	—	—	-do-
	20. Bhawarna	—	—	-do-
	21. Labagaon	—	—	-do-
	22. Panchrukhi	—	Palampur Town*	Rest of Block
	23. Nurpur	—	—	Complete Block
	24. Indora	—	—	-do-
	25. Dehra	—	—	-do-
	26. Magowal (Nagrota Surian)	—	—	-do-
	27. Pragpur	—	—	-do-
5. Kinnaur	28. Nichar	—	—	-do-
	29. Pooh	—	—	-do-
	30. Kalpa	—	—	-do-
6. Kullu	31. Ani	—	—	-do-
	32. Banjar	—	—	-do-
	33. Kullu	Kullu Town	Rest of Block	—
	34. Nirmand	—	—	Complete Block
	35. Nagar	Manali Town*	Rest of Block	—
7. Lahaul & Spiti	36. Lahaul	—	—	Complete Block
	37. Spiti	—	—	-do-

1	2	3	4	5
8. Mandi	38. Sadar	—	Mandi Town*	Rest of Block
	39. Riwalsar	—	—	Complete Block
	40. Drang	—	—	-do-
	41. Chauntra	—	—	-do-
	42. Chachiot	—	—	-do-
	43. Seraj	—	—	-do-
	44. Dharampur	—	—	-do-
	45. Gopalpur	—	—	-do-
	46. Sundernagar	—	—	-do-
	47. Karsog	—	—	-do-
9. Shimla	48. Kasumpti	Shimla Town*	Rest of Block	—
	Sunni	Dhalli NAC Area	—	—
	49. Theog	—	—	Complete Block
	50. Kumarsain	—	—	-do-
	51. Rampur	—	—	-do-
	52. Jubba]	—	—	-do-
	53. Rohru	—	—	-do-
	54. Chuhara	—	—	-do-
	55. Chopal	—	—	-do-
10. Sirmaur	56. Nahan	—	Nahan Town*	Rest of Block
	57. Paonta Sahib	—	Paonta Sahib Town*	-do-
	58. Pachhad	—	—	Complete Block
	59. Shillai	—	—	-do-
	60. Sangrah	—	—	-do-
11. Solan	61. Dharampur	Kasauli Town*	Rest of Block	—
	62. Dharampur	—	Parwanu Town	Rest of Block
	63. Kandaghat	—	—	Complete Block
	64. Nalagarh	—	—	-do-
	65. Kunihar	—	—	-do-
	66. Solan	—	Solan Town*	Rest of Block
12. Una	67. Dhundia	—	—	Complete Block
	68. Amb	—	—	-do-
	69. Una	—	Una Town*	Rest of Block

*Town means an area notified by the Government of H.P. from time to time and located within the limits of Municipal Corporation/Municipal Committee/Contonment Board/Notified Area Committee.

ANNEXURE II

PRIORITY TOURISM PROJECTS

(Refer to Rule 16.1)

1. Tourism Resorts
2. Training Institutions for the following categories
 - (a) Hotel Management, Catering and Nutrition
 - (b) Sports activities
 - (c) Adventure activities
 - (d) Other tourism related activities
3. Tourism Camps
4. Ropeways
5. Amusement parks
6. Lake/River Cruises